

# **Environmental Assistance to Small Businesses: An Ex-Post Evaluation of SBDC Pilot Projects**

## **Executive Summary**

### **Background to SBDC Pollution Prevention Pilot Project**

In November 1993, the U.S. Small Business Administration (SBA) and the U.S. Environmental Protection Agency (EPA) signed a Memorandum of Understanding (MOU) for a cooperative effort to promote both economic growth and environmental compliance/pollution prevention through assistance to small businesses. To promote this vision, EPA provided funds to the SBA for grants to support the development of pilot environmental programs in state Small Business Development Centers (SBDCs), as well as directly supporting two state SBDC environmental pilot projects.

SBA funded four SBDC pilot projects (IA, TX, VA and WI), while EPA funded two projects directly (in PA and VT). The first of these projects began in early 1995; the last ended in late 1999. While the original design called for one-year pilots, the actual average length of the pilots (after extensions) was 2 1/3 years, with none shorter than 1 1/2 years.

### **Pilot Project Goal & Suggested Approaches**

The major goal of the projects was to involve SBDCs more actively in providing environmental assistance for the small businesses they serve--businesses which might not otherwise become aware of the potential financial or compliance benefits of pollution prevention approaches to meeting environmental objectives or requirements. EPA has undertaken the present study to assess the results of these projects, and to learn how the experience of these pilots might inform the design of future environmental assistance efforts.

The grant solicitation suggested a number of activities through which SBDCs could support the objectives of the pilot projects:

- technical and financial assistance for small business pollution prevention assessments and projects,
- financial and commercialization assistance for technology developers,
- development of marketing materials for SBDC environmental programs,
- compilation and dissemination of pollution prevention financing opportunities,
- development of pollution prevention educational curricula,
- development of a sector focuses important to the SBDC's service area and clientele, and
- development of P2 modules for incorporation into guidance for business development plans.

## State Pilot Project Activities

The SBDCs in the six states demonstrated a variety of approaches to the pilots, both in terms of activities and in terms of relationships with other environmental assistance providers in the states:

- Wisconsin's SBDC worked jointly with the state's primary pollution prevention technical assistance program, appointing the project director from that program, to develop a multi-sector pollution prevention handbook for SBDC counselors to use with their clients.
- Vermont's SBDC also developed close collaborative relationships with other environmental assistance providers, with a focus both on direct assistance and referrals to the other providers.
- The North Texas SBDC collaborated with two university extension programs to offer P2 training programs for both general business audiences and the electronics industry, and worked closely the state regulatory agency to disseminate compliance and pollution prevention information to dry cleaners.
- Pennsylvania's SBDC focused, during the grant, on providing direct compliance assistance to SBDC clients, and on building awareness of environmental assistance opportunities in the various state SBDC offices; with state funding support, the SBDC is now developing additional environmental assistance capabilities (both for direct assistance and referrals to other P2 technical assistance providers) in each of the state regulatory agency's six regions.
- In Iowa, environmental assistance to small businesses under the pilot project was principally provided by a university-based pollution prevention technical assistance provider, operating under a subcontract to the SBDC.
- Virginia attached individuals with environmental assistance responsibilities to local SBDCs in the eastern and western parts of the state, with no centralized planning and limited interaction (particularly in the eastern part of the state) with other pollution prevention assistance providers. The program in the eastern part of the state appears to have reached a very limited audience; the individual efforts of the project manager in the western part of the state were more successful both in reaching a larger audience and providing some on-site assistance.

Three of the SBDCs (Vermont, North Texas and Pennsylvania) established specialized environmental assistance units which have either expanded or continued the extent of their operations since the conclusion of the pilots. Wisconsin's unusual interactive arrangement between the SBDC and the state P2 technical assistance provider (both of which are part of the University of Wisconsin's Extension service) led to the development of a handbook which has been widely disseminated to other states, and to additional joint projects since the end of the original pilot. While there are some continuing program elements in both the Iowa SBDC and the Virginia SBDC, in neither case has a strong SBDC contribution to the states' environmental assistance efforts emerged from the original pilots.

## **Lessons Learned from Pilot Project Grants**

While all SBDCs provide a range of basic services for small businesses, the SBDC pilot pollution prevention grants supported programs in six significantly different situations, involving variations in relationships with other environmental providers, in the internal management of the environmental assistance effort, in the size of the state (or at least of the area covered by the SBDC), and in the priority assigned to the environmental assistance effort. The experiences of these pilots do not add up to a single prescription for success, but the evaluation identified several factors which could influence the success of current and future programs.

### **1. *The organizational structure for the environmental assistance function within the SBDC***

- It is important to establish leadership for the environmental assistance role in the SBDC. Preferably, there should be a single individual with responsibility for managing the SBDC environmental assistance effort for the entire state.
- Since SBDC counselors rarely come from environmental backgrounds, expectations for their active roles in providing environmental assistance should be limited. To make it as easy as possible for counselors to make small businesses aware of basic environmental needs and refer them to specialized counselors as needed, it is important to design materials and provide training for the counselors which is integral to standard business start-up and assistance counseling. It was also effective in the pilots to integrate the efforts of the environmental assistance specialists into the regular functions of the counselors.

### **2. *The scope and intensity of outreach***

The keys for the most successful outreach efforts in the pilot projects or subsequent follow-ons were targeting and extensive follow-up, including:

- identification of sectors which had pollution prevention opportunities, where the timing was opportune for considering P2 (e.g., current compliance issues), and where the types of companies corresponded to clients generally serviced by the SBDCs; and
- active outreach involving extensive contacts with either associations or individual facilities.

### **3. *The degree of collaboration with other environmental assistance providers***

- A cooperative relationship that recognizes and utilizes the services of all organizations capable of offering environmental assistance can be highly beneficial. In general, the pilots demonstrate the benefit of strong cooperative efforts and networks of providers which build on the strengths of each party.

- Comprehensive planning, which provided an opportunity to take into account roles and capabilities, was a key factor to effective networking and cooperative relationships in several pilots. . Providing for such planning efforts would be an important design element to consider in future efforts.

#### **4.     *Measurement of results***

A major impediment to a determination of what the pilot projects accomplished was the near absence of measurement of project results. This impediment was in turn underpinned by two factors: brevity of project life, and little or no prospect for follow-on funding. These projects were start-up efforts, and the initial funding was mostly designed for only one year. Since changes resulting from an assessment are often not immediate, it is extremely difficult to get a project up and running and to be in a position to assess results in such a short time-period. But for future development of programs involving the SBDCs, it would be important to focus on assessment of results, in order to be sure that expenditures are targeted on efforts that are likely to achieve the greatest benefit.